

## Message Text

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ACTION IO-14

INFO OCT-01 EA-11 ISO-00 INT-08 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 OMB-01 TRSE-00 EB-11 COME-00 FMC-04

AID-20 AGR-20 DRC-01 /165 W  
----- 100745

P R 311045Z MAY 74

FM AMEMBASSY TOKYO

TO HICOMTERPACIS SAIPAN MARINAS ISLAND PRIORITY

INFO SECSTATE WASHDC 2261

USARBCO MACHINATO/TTPI-LNO

UNCLAS SECTION 1 OF 2 TOKYO 7114/1

STATE PASS INTERIOR FOR DOTA AND OSN

HICOM ALSO FOR STATUS LNO

E.O. 11652: N/A

TAGS:EAID, JA, TQ

SUBJECT: MICRONESIA CLAIMS AGREEMENT

REF: TOKYO 4809

SUMMARY:EMBOFF MET WITH SASAKI OF FONOFF TO ARGUE FOR CHANGES IN IMPLEMENTATION PROCEDURES WHICH WOULD ALLOW REASONABLE CHANGES TO CONFIRMED CONTRACTS WITHOUT RE-CONFIRMATION, AND CERTIFICATION OF BANK STATEMENTS BY DISBURSING OFFICER. EMBOFF SUBMITTED NEW DRAFT PARAGRAPHS TO FONOFF DRAFT PROCEDURES TO REFLECT DESIRED CHANGES. SASAKI SAID MATTER WOULD RECEIVE HIS HIGHEST PRIORITY ATTENTION AND HE WOULD RESPOND AS SOON AS POSSIBLE. EMBOFF EXPLAINED TTPI DESIRE AVOID DEALING DIRECTLY WITH SHIPPING FIRMS AND SASAKI SUGGESTED CONTRACTING PROCEDURES WHICH WOULD ALLOW THIS. SASAKI INQUIRED WHETHER LIST OF PRODUCTS AND SERVICES WILL BE REGARDED AS PUBLIC DOCUMENT HE ALSO ASKED ABOUT TTPI PROCEDURES FOR GETTING BIDS. ACTION UNCLASSIFIED

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REQUESTED: TTPI ADVICE WHETHER PROPOSED CONTRACTING PROCEDURES

RE SHIPPING ACCEPTABLE. TTPI RESPONSE TO FONOFF QUESTIONS.  
END SUMMARY

1. FOLLOWING RETURN FROM TTPI, EMBOFF ON MAY 30 MET WITH SASAKI AND TANAKA OF SECOND ECONOMIC COOPERATION DIVISION, FONOFF, TO DISCUSS PENDING MATTERS PERTINENT TO IMPLEMENTATION OF CLAIMS AGREEMENT.

2. RE FONOFF DRAFT DOCUMENT ON IMPLEMENTATION PROCEDURES (REFTEL PARA 3):

A) EMBOFF ARGUED FOR REVISION OF PARA II (2) TO ALLOW REASONABLE CHANGES TO CONFIRMED CONTRACTS REGARDING KIND, QUANTITY, PRICE, AND SHIPMENT DATE PROVIDED FONOFF NOTIFIED WITHOUT DELAY OF SUCH CHANGES, AND SUBMITTED REVISED DRAFT PARAGRAPH INCORPORATING SUITABLE LANGUAGE.

B) RE PARA III (1) AND (2), EMBOFF ARGUED FOR DELETION OF REFERENCE TO BANK (WHICH NOT PARTY TO DOCUMENT) AND FOR APPROVAL OF CERTIFICATION OF BANK STATEMENTS BY DISBURSING OFFICER RATHER THAN PROCUREMENT OFFICER, AND SUBMITTED SINGLE REVISED DRAFT PARAGRAPH INCORPORATING SUITABLE LANGUAGE.

C) IN COURSE OF ARGUING FOR REVISIONS EXPLAINED PARAS 2 A AND B ABOVE, EMBOFF REPEATEDLY STRESSED USG DESIRE AGREE AS QUICKLY AS POSSIBLE ON PROCEDURES SO THAT PROCUREMENT COULD BEGIN SOON (EXPLAINING SPECIAL PROBLEM OF BUS PROCUREMENT IN THE PROCESS), AND URGED FONOFF REPS TO RESPOND POSITIVELY AND QUICKLY TO TTPI REQUESTS. SASAKI SAID MATTER WOULD RECEIVE HIGHEST PRIORITY ATTENTION AND THAT HE WOULD RESPOND AS SOON AS POSSIBLE.

D) RE PARA II (4) OF FONOFF DRAFT, SASAKI EXPLAINED THAT THIS PARAGRAPH APPLICABLE, FOR INSTANCE, IN CASES WHERE TTPI FELT CONTRACTOR HAD DISCHARGED CONTRACTUAL OBLIGATIONS EVEN THOUGH LESS THAN CONTRACTED QUANTITY HAD BEEN SHIPPED AND PRICE THUS REDUCED PRO RATA; OR WHERE SHIPPING CHARGES LESS THAN HAD BEEN ANTICIPATED. EMBOFF ARGUED THAT SUCH CONTINGENCIES COULD BE DEALT WITH UNDER RE-WITTEN PARA II (2), BUT SASAKI INSISTED BOTH WERE NECESSARY. MAIN POINT WITH PARA II (4) IS UNCLASSIFIED

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THAT CONTRACTOR MUST ACKNOWLEDGE HE WILL NOT BE RECEIVING TOTAL CONTRACTED AMOUNT. USE OF FORM, APPENDIX 3 OF FONOFF DRAFT, THUS NECESSARY AS WELL AS BRIEF NOTE FROM CONTRACTOR. SASAKI GAVE EMBOFF COMPLETED COPIES OF APPENDIX 3 AND CONTRACTOR LETTER USED BY PARTY TO EARLIER JAPANESE AID AGREEMENT. EMBASSY WILL POUCH TO TTPI (FOR PETERSON) AND DEPT (FOR EA/J -- PIEZ) FOR INFO.  
E) ASSUMING SATISFACTORY FONOFF RESPONSE TO TTPI

REQUESTS PARAS 2 AND B ABOVE, EMBASSY WOULD RECOMMEND, IN INTEREST SPEEDY AGREEMENT, TTPI CONSENT TO PROCEDURES CONTAINED PARA II (4) OF FONOFF DRAFT, AS, IN EMBASSY OPINION, NUMBER OF CASES IN WHICH CONTRACTED PRICE DECREASES LIKELY TO BE MINIMAL.

F) RE FORM AT APPENDIX 1 OF FONOFF DRAFT, REQUEST FOR CONFIRMATION, SASAKI MADE FOLLOWING POINTS:

I. PROCUREMENT OFFICER'S ADDRESS IN LOWER LEFT CORNER OF DOCUMENT SHOULD INDICATE HIS ACTUAL LOCATION, WHETHER OKINAWA, SAIPAN, OR TOKYO.

II. ONE COPY OF REQUEST FOR CONFIRMATION CAN BE USED TO TRANSMIT ANY NUMBER OF CONTRACTS, SO LONG AS EACH CONTRACT IS LISTED BY NUMBER ON REQUEST.

III. DATE MAY 16, 1974, SHOULD BE ENTERED ON REQUEST AS DATE OF AGREEMENT TO LIST.

IV. REQUEST FOR CONFIRMATION NEED NOT BE SIGNED. HOWEVER, FONOFF WOULD LIKE DOCUMENT WITH FORMAL APPEARANCE AND THUS ASKS THAT EACH REQUEST BE TYPED (RATHER THAN XEROX COPY AS INDICATED EARLIER); AND THAT REQUEST HAVE TTPI STAMP OR SEAL IN LOWER RIGHT CORNER, OVER WHICH PROCUREMENT OFFICER WOULD ENTER HIS INITIALS. IF SUCH STAMP OR SEAL NON-EXISTANT, ANY TTPI STATIONERY WITH LETTERHEAD, AND WITHOUT ADDRESS WHICH INCONSISTENT WITH PROCUREMENT OFFICER'S LOCATION, WOULD SUFFICE. PROCUREMENT OFFICER WOULD INITIAL IN LOWER CORNER.

3. RE SHIPPING PROCEDURES, EMBOFF EXPLAINED PRESENT TTPI SHIPPING SERVICE UNCERTAINTIES AND LIKLIHOOD THAT JAPANESE CARRIER WILL PROVIDE SERVICE TO GUAM, SAIPAN, AND MARSHALLS. EMBOFF ALSO EXPLAINED TTPI DESIRE AVOID SEPARATE CONTRACTS WITH SUB-CONTRACTORS (I.E. SHIPPERS). SASAKI SAID THAT IF TTPI WISHES AVOID SEPARATE CONTRACTS FONOFF WOULD LIKE CONTRACT TO STIPULATE, AT TIME UNCLASSIFIED

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OF CONFIRMATION, WHETHER SHIPMENT TO BE BY JAPANESE OR NON-JAPANESE CARRIER. THIS BECAUSE FONOFF KEEPS TRACK OF CUMULATIVE EXPENDITURES UNDER EACH LINE ITEM OF LIST AND THIS WILL BE IMPOSSIBLE UNLESS CONTRACT INDICATES WHETHER JAPANESE SHIPPING WILL OR WILL NOT BE USED. IF JAPANESE SHIPPING USED AND PAID FOR IN YEN, RISK WOULD EXIST THAT AGREED ABOUT FOR ANY LINE ITEM MIGHT BE EXCEEDED. CONSEQUENTLY, FONOFF PROPOSEES FOLLOWING PROCEDURE:

A) IN EVERY CONTRACT, TOTAL CONTRACT PRICE CIF DESTINATION (I.E., GUAM, SAIPAN, OR MARSHALL SHOULD BE INDICATED, AND BROKEN DOWN TO INDICATE I) PRICE FOB YOKOHAMA AND II) INSURANCE AND FREIGHT TO DESTINATION.

B) IF SHIPMENT IS TO BE BY JAPANESE CARRIER, CONTRACT COULD BE CIF DESTINATION AND INDICATE DATE BY WHICH

SHIPMENT IS TO BE MADE. FONOFF WOULD LIKE TO HAVE COPY  
OF SHIPPING DOCUMENTS IN DUE COURSE AS PROOF OF  
SHIPMENT BY JAPANESE CARRIER.  
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TO HICOMTERPACIS SAIPAN MARIANAS ISLANDS PRIORITY

INFO SECSTATE WASHDC 2262

USARBCO MACHINATO//TTPI-LNO

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C) IF SHIPMENT IS TO BE BY NON-JAPANESE CARRIER,  
CONTRACT COULD STILL BE CIF DESTINATION BUT SHOULD ALSO  
CONTAIN CLEAR STIPULATION THAT ONLY COST OF GOODS FOB  
YOKOHAMA (AS INDICATED IN CONTRACT) IS TO BE PAID BY  
DISBURSING OFFICER'S CHECKDRAWN ON SPECIAL ACCOUNT.  
D) IN CASE CARRIER INDICATED IN CONTRACT CHANGES  
FROM JAPANESE TO NON-JAPANESE OR VICE VERSA, AMENDED  
CONTRACT WOULD REQUIRE RE-CONFIRMATION.

4. RE LIST OF PRODUCTS AND SERVICES, FONOFF ASKED WHETHER  
DOCUMENT WILL BE REGARDED BY TTPI AS PUBLIC DOCUMENT.  
REASON FOR QUESTION IS THAT FONOFF HAS RECEIVED  
INQUIRIES FROM JAPANESE BUSINESSMEN INTERESTED IN SUPPLYING  
PRODUCTS AND SERVICES. EMBOFF UNDERTOOK TO CHECK  
AND WOULD APPRECIATE TTPI EXPLANATION ITS WISHES ON THIS  
POINT. EMBASSY SEES NO REASON LIST COULD NOT BE MADE  
PUBLIC IN RESPONSE TO INQUIRIES.

5. RE CONTRACTING PROCEDURES, FONOFF REQUESTED EXPLANATION  
WHETHER TTPI WILL HAVE PUBLIC TENDERS FOR CONTRACTS,  
COMMUNICATE WITH LIMITED NUMBER OF POTENTIAL SUPPLIERS,  
OR WHAT. EMBASSY WOULD APPRECIATE EXPLANATION THIS  
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POINT.

6. EMBOFF PROPOSES TO DISCUSS WITH FONOFF ADDITIONAL POINTS  
RAISED DURING TTPI VISIT WHICH NOT ESSENTIAL TO BEGINING  
PROCUREMENT (I.E., USE OF INTEREST, EXTENSION OF  
PROCUREMENT PERIOD) IN DUE COURSE.

7. ACTION REQUESTED:

A) TTPI ADVICE WHETHER PROCEDURES RE CONTRACTING  
FOR SHIPPING (PARA 3 ABOVE) SATISFACTORY.

B) TTPI RESPONSE TO FONOFF QUESTIONS PARAS 4 AND 5  
ABOVE.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT DRAFT, CARGO SHIPS, AMENDMENTS, CONTRACTS, BANKS, PROPOSALS (BID), MOTOR BUSES  
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**Copy:** SINGLE  
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**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Type:** TE  
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